



DIAMOND BUSINESS CREDIT, LLC

200 Ledgewood Place, Suite 100
Rockland, MA 02370
T 781.871.0562 F: 781.878.5639

FINANCING PROPOSAL

September 28, 2011

Iris Mitropoulis, President
KINGSBURY CORPORATION
80 Laurel Street
Keene NH

Dear Ms. Mitropoulis:

Diamond Business Credit, LLC (“DBC”) is pleased to offer to **KINGSBURY CORPORATION** (the “Company” or “Debtor”) this Financing Proposal for Debtor-In-Possession (“DIP”) financing to assist while a plan of reorganization is developed and approved, which Plan may involve the sale of the Company and its assets.

Terms of the Financing Proposal are as follows:

Change to Borrowing Base

An increase in the Inventory advance rate from 20% to 35%, with an Inventory loan limit of \$300,000 (this should yield an immediate increase in availability of at least \$100,000)

Security:

DBC shall receive a New Hampshire Bankruptcy Court-approved security interest in the same assets and in the same priorities as is currently held by DBC, subject to a carve out for professional fees in an amount not to exceed \$150,000

The Court Order must confirm the validity and enforceability of DBC’s pre-petition loan documentation with Debtor

Legal Fees:

All legal fees incurred by DBC in connection with the proposal and the financing shall be charged to Debtor’s loan account with DBC

Other Conditions/Contingencies:

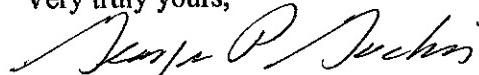
Financing subject to DBC’s receipt of \$300,000 from the proposed licensing agreement between the Company and Chrysler
Upon acceptance of this Financing Proposal by Debtor, DBC shall execute and deliver the proposed licensing agreement between the Company and Chrysler

All other terms and conditions (including interest rate, fees, etc.) shall be as set forth in the existing loan agreements between Lender and Debtor, which shall be confirmed and ratified by the New Hampshire Bankruptcy Court.

By your duly authorized signature below, please confirm your agreement with the proposed terms and conditions described above.

We appreciate the opportunity to assist with your working capital needs.

Very truly yours,



George P. Gochis
President

Acknowledged and accepted:
KINGSBURY CORPORATION

By 
Iris Mitropoulis, President